

HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2011





SASKATCHEWAN

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Horned Cattle Fund, which comprise the Statement of Financial Position as at March 31, 2011, and the Statement of Operations and Changes in Net Financial Assets and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

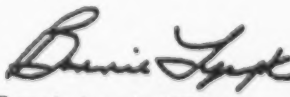
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 2011, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 5, 2011


Bonnie Lysyk, MBA, CA
Provincial Auditor

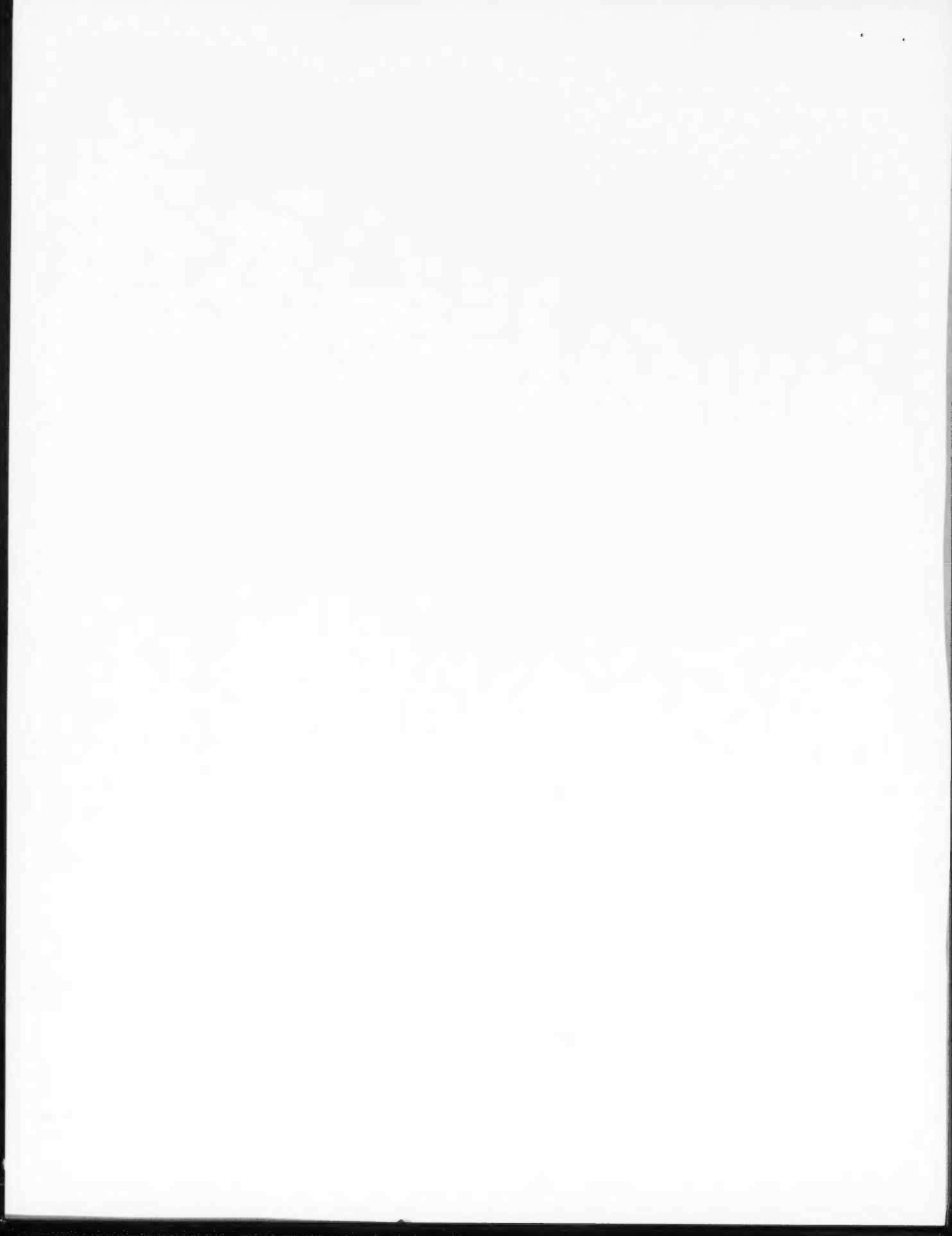


Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	<u>2011</u>	<u>2010</u>
Financial Assets:		
Due from General Revenue Fund (Note 3)	\$ 96,459	\$ 173,832
Accounts receivable (Note 5)	36,734	48,523
Accrued interest receivable	<u>272</u>	<u>120</u>
	<u>\$ 133,465</u>	<u>\$ 222,475</u>
Liabilities:		
Accounts payable	<u>\$ 14,592</u>	<u>\$ 17,038</u>
Net financial assets (Statement 2)	<u><u>\$ 118,873</u></u>	<u><u>\$ 205,437</u></u>

(See accompanying notes to the financial statements)



Statement 2

HORNED CATTLE FUND
STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2011 (Note 7)	Actual 2011	Actual 2010
Revenues			
Deductions	\$	\$	\$
Less: commissions		45,396	51,466
		<u>756</u>	<u>852</u>
Net deductions	50,000	44,640	50,614
Cattle sales (Note 6)		1,246	164,170
Interest revenue (Note 3)	<u>1,500</u>	<u>852</u>	<u>720</u>
Total revenue	<u>51,500</u>	<u>46,738</u>	<u>215,504</u>
Expenses			
Grants	115,000	114,890	97,000
Cattle Research (Note 6)	---	1,246	119,039
Administration (Note 9)	15,500	15,000	15,000
Advisory committee honoraria and travel	<u>2,500</u>	<u>2,166</u>	<u>3,511</u>
Total expenditures	<u>133,000</u>	<u>133,302</u>	<u>234,550</u>
Surplus (Deficit) for the year	<u>\$ (81,500)</u>	(86,564)	(19,046)
Net financial assets, beginning of year		<u>205,437</u>	<u>224,483</u>
Net financial assets, end of year (Statement 1)		<u>\$ 118,873</u>	<u>\$ 205,437</u>

(See accompanying notes to the financial statements)



Statement 3

**HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31**

	<u>2011</u>	<u>2010</u>
Cash flows from (used in) operating activities:		
Receipts from deductions	\$ 46,391	\$ 50,250
Receipts from cattle sales	10,322	220,006
Interest and other receipts	700	1,224
Payments to suppliers and Advisory committee	(26,896)	(206,839)
Grant payments	<u>(107,890)</u>	<u>(139,250)</u>
Cash flows from (used in) operating activities	<u>(77,373)</u>	<u>(74,610)</u>
Net increase (decrease) in cash and cash equivalents	(77,373)	(74,610)
Due from General Revenue Fund, beginning of year	<u>173,832</u>	<u>248,442</u>
Due from General Revenue Fund, end of year	<u>\$ 96,459</u>	<u>\$ 173,832</u>

(See accompanying notes to the financial statements)



**HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2011**

1. Legislative Authority

The Horned Cattle Fund (Fund) continues under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all grant payments from the Fund subject to the approval of the Minister of Agriculture.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers to pay the producers' market price less \$2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers to remit the \$2.00 deducted for each head of cattle less a \$0.03 per head dealer commission to the Fund.

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act) was assented to by the Lieutenant Governor of Saskatchewan. This Act contains amendments to the current legislation. Under these amendments, the deductible amount will increase from \$2 per head to \$10 per head for cattle sold with horns. The increase will be effective when the Act is proclaimed. The Act has not yet been proclaimed.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A statement of net debt has not been prepared as information is readily determinable from the other statements. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.



d) Cattle Sales

Cattle are sold on a regular basis from the Fund's cattle herd which are located at the Western Beef Development Centre (WBDC), a division of the Prairie Agricultural Machinery Institute (PAMI). The revenue is recognized as the cattle are sold.

3. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2010-2011 is 0.80% (2009-10 - 0.27%).

4. Commitments

At year-end, the Fund's Advisory Committee approved future grant expenditures totalling \$37,500 (2010 - \$102,890) for future projects. Included in this amount is:

	<u>2011</u>	<u>2010</u>
Prairie Conservation Action Plan	7,500	-
Western Beef Development Centre	10,000	-
Saskatchewan Stock Growers Association	20,000	5,000
University of Saskatchewan	-	40,890
Prairie Agricultural Machinery Institute	-	26,500
Saskatchewan Forage Council	-	18,000

5. Swift Current Project

The Swift Current Project was established under an agreement with Agriculture and Agri-Food Canada. This agreement has been extended and terminates on October 31, 2013. Under the agreement, Agriculture and Agri-Food Canada carry out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Semiarid Prairie Agricultural Research Centre (Centre). The Centre uses proceeds from the sale of cattle to pay for purchasing new beef cattle, feed, and care of the cattle that it uses in its research. Upon termination of the agreement, the Centre will pay \$30,000 to the Fund and the remaining assets will revert to Agriculture and Agri-Food Canada. Included in the Fund's accounts receivable is \$30,000 receivable from the Centre.

All activities related to the cattle are those of the Centre and are not shown in these financial statements.



6. Prairie Agricultural Machinery Institute (PAMI)

In September 2007 the Fund entered into an agreement with Prairie Agricultural Machinery Institute (PAMI), a related party, which expired March 31, 2010. Under the agreement the Fund provided its original herd of 300 cattle for PAMI to use. The agreement makes PAMI responsible for the care, feeding, housing, and management of the herd. PAMI shall return to the Province or arrange for sale of 100 cows per year at the option of the Province. PAMI has disposed of all remaining cattle in the original herd of 300 belonging to the Fund. The proceeds from the sale of cows and calves are payable to the Fund. Per the agreement, the Fund returns proceeds from the sale of calves to PAMI.

During the year, the Fund recorded expenses totaling \$1,246 (2010 - \$119,039) representing the proceeds from the sale of calves that were returned to PAMI.

7. Budget

The Advisory Committee approved the 2010-11 budget on January 20, 2010.

8. Financial Instruments

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is exposed to credit risk from the potential non-payment of accounts receivable. However, some of the receivables were collected shortly after year-end, reducing its credit risk.

9. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of \$15,000 (2010 - \$15,000). In addition, the Fund made grants to the University of Saskatchewan totalling \$40,890 (2010- \$30,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.



**HORNED CATTLE FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
For the Year Ended March 31**

	<u>2011</u>	<u>2010</u>
Personal Services:		
Advisory member costs	\$ <u>480</u>	\$ <u>1,080</u>
Grants:		
University of Saskatchewan:		
Veterinary Infectious Disease Organization	30,000	30,000
Western College of Veterinary Medicine	10,890	---
Farm Animal Council of Saskatchewan	5,000	7,500
Prairie Conservation Action Plan Office	---	7,500
Forage Council of Saskatchewan	18,000	---
Saskatchewan Society for Prevention of Cruelty to Animals	4,000	12,000
Saskatchewan Stock Growers Association	12,500	5,000
Prairie Agricultural Machinery Institute	---	25,000
Western Beef Development Centre Inc.	26,500	---
Canadian Western Agribition	<u>8,000</u>	<u>10,000</u>
	<u>114,890</u>	<u>97,000</u>
Supplier Payments:		
Prairie Agricultural Machinery Institute	1,246	119,039
Payees under \$50,000	<u>16,686</u>	<u>17,431</u>
	<u>17,932</u>	<u>136,470</u>
	<u>\$ 133,302</u>	<u>\$ 234,550</u>

